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Boyle, James Ernest

A compilation of the
principal money laws of...

Grand Forks

1906

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A COMPILATION OF THE PRINCI- PAL MONEY LAWS OF THE UNITED STATES—1792-1900

Together with Tables
of Gold and Silver
Coinage and Other
Cognate Matter.....

By JAMES T. BOYLE, Ph. D.

University of North Dakota
Grand Forks,
1906:

PRICE, FIFTEEN CENTS

PREFATORY NOTE

The compiler of this pamphlet has used it successfully in his University classes as collateral or source work in connection with Scott's "Money and Banking." This is the primary purpose of it. However, it will be found useful, it is hoped, by teachers of economics in general, regardless of the text books used, and also by teachers in those high schools that devote one year to the study of economics.

CONSTITUTION OF THE UNITED STATES.

ARTICLE I, SECTION 8, PARAGRAPH 5.

[Congress shall have power] To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

ARTICLE I, SECTION 10, PARAGRAPH 1.

No state shall * * * coin money, emit bills of credit, make anything but gold and silver coin a tender in payment of debts.

HAMILTON'S REPORT ON THE COINAGE, JANUARY 28, 1791.

[NOTE.—The establishment of a mint and of a double standard coinage system based on the ratio of 15 to 1, in the year 1792, was due chiefly to the efforts of Alexander Hamilton, first Secretary of the Treasury. His views on a proper coinage system are given below in his own words.]

" * * * * A prerequisite to determining with propriety what ought to be the money unit of the United States is to endeavor to form as accurate an idea as the nature of the case will admit, of what it actually is. The pound, though of various value, is the unit in the money account of all the States. But it is not equally easy to pronounce what is to be considered as the unit in the coins, There being no formal regulations on the point, it can only be inferred from usage or practice. The manner of adjusting foreign exchanges would seem to indicate the dollar as best entitled to that character. In these the old piaster of Spain or old Seville piece of eight reals, of the value of four shillings and sixpence sterling, is evidently contemplated. * * * That species of coin [the dollar] has never had any settled or standard value, according to weight or fineness, but has been permitted to circulate by tale, without regard to either, very much as a mere money of convenience, while gold has had a fixed price by weight, and with an eye to its fineness. This great stability of value of the gold coins is an argument of force for regarding the money unit as having been hitherto virtually attached to gold rather than to silver. Twenty-four grains and six-eighths of a grain of fine gold have corresponded with the nominal value of the dollar in the several States without regard to the successive diminutions of its intrinsic worth. * * * The Secretary is, upon the whole, strongly inclined to the opinion that a preference ought to be given to neither of the metals for the money unit. Perhaps, if either were to be preferred, it ought to be gold rather than silver. The reasons are these:— * * * Gold may perhaps, in certain senses, be said to have greater stability than silver. * * * As long as gold, either from its intrinsic superiority as a metal, from its greater rarity, or from the prejudices of mankind, retains so considerable a pre-eminence in value over silver as it has hitherto had, a natural consequence of this seems to be that its condition will be more stationary. The revolutions, therefore, which may take place in the comparative value of gold and silver, will be changes in the state of the latter rather than the former.

" * * * But, upon the whole, it seems most advisable, as

has been observed, not to attach the unit exclusively to either of the metals [because this would abridge the use of one metal as money].

" * * * [In regard to the ratio] One consequence of overvaluing either metal in respect to the other is the banishment of that which is undervalued. * * * But it is to be suspected that there is another consequence more serious than the one which has been mentioned. This is the diminution in the total quantity of specie which a country would naturally possess. It is evident that as often as a country which overrates either of the metals receives payment in that metal, it gets a less quantity than it ought to do or than it would do if the rate were a just one. It is also equally evident that there will be a continual effort to make payment to it in that species to which it has annexed an exaggerated estimation wherever it is current at a less proportional value. And it would seem to be a very natural effect of these causes, not only that the mass of the precious metals in the country in question would consist chiefly of the kind to which it had given an extraordinary value, but that it would be absolutely less than if they had been duly proportioned to each other. * * * * * The ratio of 1 to 15 * * * will probably be found the most eligible. * * * * * [Hamilton's conclusions] That the units in the coins of the United States ought to correspond with 24 grains and $\frac{1}{4}$ of a grain of pure gold, and 371 grains and $\frac{1}{4}$ of a grain of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is within a small fraction of the mean of the last emissions of dollars—the only ones which are now found in common circulation, and of which the newest is in the greatest abundance. * * Each of these, it has been remarked, will answer to a dollar in the money of account. It is conceived that nothing better can be done in relation to this than to pursue the track marked out by the resolution of the 8th of August, 1786. This has been approved abroad as well as at home, and it is certain that nothing can be more simple and convenient than the decimal subdivisions. * * On this plan the unit in the money of account will continue to be, as established by that resolution, a dollar, and its multiples, dimes, cents and mills, or tenths, hundredths, and thousandths."

[Note.—The student will distinguish between *unit of value* and *unit of account*. E. g. Today in New York, Ohio, Wisconsin, North Dakota, etc., the shilling (12½ cents) persists as a *unit of account*, although the coin itself has not been seen for a century.]

PART I.
LAWS RELATING TO COINAGE.

ACT OF 1792.

[NOTE.—This act, in 26 sections, establishes a mint, provides for its regulation, and creates a complete system of coinage on a bimetallic basis at the ratio of 15 to 1. Its chief provisions follow:]

SEC. 9. There shall be from time to time struck and coined at said mint, coins of gold, silver, and copper, of the following denominations, values and descriptions, viz.: EAGLES.—Each to be of the value of ten dollars or units, and to contain 247½ grains of pure, or 270 grains of standard gold. [Half-eagles and quarter-eagles of corresponding weights and fineness.] * * * DOLLARS OR UNITS.—Each to be of the value of a Spanish milled dollar as the same is now current, and to contain 371½ grains of pure, or 416 grains of standard silver. HALF DOLLARS.—Each to be of half the value of the dollar or unit, and to contain 185½ grains of pure, or 208 grains of standard silver. [Quarter-dollars, dimes, and half-dimes of corresponding weights and fineness.]

SEC. 11. The proportional value of gold to silver in all coins which shall by law be current as money within the United States, shall be as fifteen to one, according to quantity in weight, of pure gold or pure silver. * * * * *

SECS. 12-13. [Standard of fineness.] The standard for all gold coins of the United States shall be 11 parts fine to 1 part alloy. * * * That the standard for all silver coins of the United States shall be 1485 parts fine to 179 parts alloy.

SEC. 14. [free coinage] It shall be lawful for any person or persons to bring to the said mint gold and silver bullion, in order to their being coined; and that the bullion so brought shall be there assayed and coined as speedily as may be after the receipt thereof, and that free of expense to the person or persons by whom the same shall have been brought.

SEC. 16. [legal tender] All the gold and silver coins which shall have been struck at, and issued from the said mint, shall be a lawful tender in all payments whatsoever.

SEC. 20. [money of account] The money of account of the United States shall be expressed in dollars or units, dimes or tenths, cents or hundredths, mills or thousandths, * * and that all accounts in the public offices of the United States * * shall be kept and had in conformity to this regulation.

ACT OF 1834.

[NOTE.—Ratio is changed to 16 to 1. This is accomplished by making the gold coins smaller, as follows:]

The gold coins of the United States shall contain the following quantities of metal, that is to say: each eagle shall contain 232 grains of pure gold and 268 grains of standard gold. [Half-eagles and quarter-eagles of corresponding weights.]

ACT OF 1837.

[NOTE.—Standard of fineness made 9-to for both gold and silver coins.]

SEC. 8. The standard of both gold and silver coins of the United States shall hereafter be such that of 1000 parts by weight, 900 shall be of pure metal and 100 of alloy. [This gives the silver dollar the weight of 412½ grains; the half-dollar 206½ grains; the quarter dollar 103½ grains. Both gold and silver coins are left legal tender to any amount, Secs. 9, 10.]

ACT OF 1849.

[NOTE.—Act authorizing the coinage of the gold dollar and the twenty-dollar piece, or double eagle.]

There shall be, from time to time, struck and coined at the mint of the United States * * double eagles, each to be of the value of twenty dollars, or units, and gold dollars, each to be of the value of one dollar, or unit. [Coinage of gold dollars was discontinued by Act of Sept. 26, 1890. Total number coined, 19,499,337]

ACT OF 1853.

[NOTE.—First important discrimination against the bi-metallic standard. Very few silver dollars had been coined, and they had disappeared. (See Appendix D.) Fractional silver, too, was disappearing under the operation of "Gresham's Law." Accordingly this Act was passed, making fractional silver coins *subsidary*, by (a) reducing the metal in each below the face value, (b) limiting the amount issued, or, in other words, doing away with the free coinage feature, (c) restricting their legal tender quality, and (d) making them redeemable in gold.]

SEC. 1. The weight of the half-dollar or piece of fifty cents shall be 192 grains, and the quarter-dollar, dime and half-dime shall be, respectively, $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{10}$ of the weight of said half-dollar.

SEC. 2. [These coins] shall be legal tenders in payment of debts for all sums not exceeding five dollars.

SEC. 3. That in order to procure bullion for the requisite coinage of the subdivisions of the dollar authorized by this Act, the treasurer of the mint shall * * * purchase such bullion * * * Sec. 4. That the amount coined into quarter dollars, dimes, and half dimes, shall be regulated by the Secretary of the Treasury. Sec. 5. No deposits for coinage into the half dollar, quarter-dollar, dime, and half-dime, shall hereafter be received other than those made by the treasurer of the mint, as herein authorized, and upon account of the United States.

Sec. 4. Such coins shall be paid out at the mint in exchange for gold coins at par, in sums not less than \$100.

ACT OF 1873.

[NOTE.—This is the so-called "Crime of '73." The Act was passed Feb. 12, 1873, and is entitled "An Act revising and amending the laws relative to mints, assay offices, and coinage of the United States." It is in 67 sections, covers 16 pages, and repeals all other acts or parts of acts pertaining to mints, assay offices, and coinage inconsistent with its provisions. Because this bill omits the silver dollar it has been denounced by some as the "Crime of '73." But this bill was not enacted into law hastily or secretly. "Far from having been accomplished surreptitiously, the discontinuance of the silver dollar was very well known through the attention given it by the Secretary of the Treasury in his reports for 1870, 1871, and 1872. The bill substantially passed, was the work of John J. Knox, and was transmitted by Secretary Boutwell to Senator Sherman, chairman of the Senate Finance Committee, April 25, 1870; the bill was sent out for criticism and suggestions to no less than thirty persons familiar with the mint and with coinage operations; it was printed thirteen times by order of Congress; it was considered during five different sessions of the Senate and House; the debates on the bill in the Senate occupy 66, and in the House 76, columns of the Congressional Globe, and it was not finally passed until February 12, 1873." (Laughlin's History of Bimetallism, 4th ed., p. 96.)]

Sec. 14. The gold coins of the United States shall be a one-dollar piece * * * which shall be the unit of value; a quarter-eagle * * * a three-dollar piece * * * a half-eagle * * * an eagle * * * and a double eagle * * * *

Sec. 15. The silver coins of the United States shall be * * a half-dollar, or fifty-cent piece, a quarter-dollar, or twenty-five cent piece, a dime, or ten-cent piece, * * * and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

Sec. 16. That the minor coins of the United States shall be a 5-cent piece, a 3-cent piece, and a 1-cent piece, * * * which coins shall be a legal tender, at their nominal value, for any amount not exceeding 25 cents in any one payment.

Sec. 17. That no coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations * * * herein set forth.

ACT OF 1874. REVISED STATUTES, SEC. 3586.

[NOTE.—The silver dollar "demonetized." Compare this carefully with the Act of 1873, the Act commonly said to have "demonetized" the silver dollar.]

Sec. 3586. The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

ACT OF 1878.

[NOTE.—The Bland-Allison Act. The title is, "An Act to authorize the coinage of the standard silver dollar, and to restore its legal tender character."] [NOTE.—For amount coined under this Act, see Appendix C.]

There shall be coined at the several mints of the United States silver dollars * * * which coins, together with all silver dollars heretofore coined * * * shall be a legal tender at their nominal value, for all debts and dues, public or private, except where otherwise stipulated in the contract. And the Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than \$2,000,000 worth per month, nor more than \$4,000,000 worth per month, and cause the same to be coined monthly, as fast as so purchased, into such dollars.

[NOTE.—For amount coined under this Act, see Appendix C.]

ACT OF 1890.

[NOTE.—The Sherman Act. The student will notice that this Act calls for the purchase of so many ounces of silver, whereas the preceding Act called for the purchase of so many dollars worth,—a very uncertain quantity, considering the fluctuations of silver.]

Sec. 1. The Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as may be offered each month, at the market price thereof, not exceeding one dollar for 871 $\frac{1}{4}$ grains of pure silver, and to issue in payment for such purchases of silver bullion treasury notes of the United States. *

Sec. 2. The treasury notes issued in accordance with the provisions of this Act shall be redeemable on demand, in coin, * * and when so redeemed, may be reissued; * * * and such treasury notes shall be legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues, and when so received may be reissued. * * * The Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals

on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

[NOTE.—For market ratio at this time see Appendix A. For amount coined under this Act, see Appendix C.]

ACT OF 1893.

[NOTE.—This Act repeals the purchasing clause of the Sherman Act. For the operation of the "endless chain," and the consequent need of this Act, the student is referred to Scott's "Money and Banking," or other good works on our monetary history.]

So much of the [Sherman] Act * * * as directs the Secretary of the Treasury to purchase from time to time silver bullion * * * be, and the same is hereby repealed.

ACT OF 1900.

[NOTE.—The title of this important measure is, "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes." The chief provisions concerning money are the following:]

SEC. 1. The dollar consisting of 25.8 grains of gold .9 fine, * * * shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard.

SEC. 2. United States notes [greenbacks], and treasury notes [Sherman notes], when presented to the treasury for redemption, shall be redeemed in gold coin, * * * and in order to secure the prompt and certain redemption of such notes as herein provided, it shall be the duty of the Secretary of the Treasury to set apart in the treasury a reserve fund of \$150,000,000 in gold coin and bullion.

* * * The United States notes when redeemed in accordance with the provisions of this section shall be reissued, but shall be held in the reserve fund until exchanged for gold. * * *

SEC. 3. Nothing in this Act shall be construed to affect the legal-tender quality as now provided by law, of the silver dollar, or of any other money coined or issued by the United States.

SEC. 5. It shall be the duty of the Secretary of the Treasury, as fast as standard silver dollars are coined under the provisions of the Acts of July 14, 1890, and June 13, 1898, from bullion purchased under the act of July 14, 1890, to retire and cancel an equal amount of treasury notes whenever received into the treasury * * * and upon the cancellation of treasury notes, silver certificates shall be issued against the silver dollars so coined.

SEC. 8. The Secretary of the Treasury is hereby authorized

to use, at his discretion, any silver bullion in the treasury of the United States, purchased under the Act of July 14, 1890, for coinage into such denominations of subsidiary silver coin as may be necessary to meet the public requirement for such coin. * * * treasury notes * * * equal to the cost of the bullion contained in such coin shall be cancelled and not be reissued.

SEC. 14. The provisions of this Act are not intended to preclude the accomplishment of international bimetallism whenever conditions shall make it expedient and practicable to secure the same by concurrent action of the leading commercial nations of the world and at a ratio which shall insure permanence of relative value between gold and silver.

PART II.

GREENBACKS (United States Notes).

ACT OF 1862, FEB. 25 [FIRST ISSUE].

The Secretary of the Treasury is hereby authorized to issue * * * \$150,000,000 of United States notes, * * * The amount of notes SHALL AT NO TIME EXCEED THE SUM OF \$150,000,000.

ACT OF 1862, JULY 11 [SECOND ISSUE].

The Secretary of the Treasury is hereby authorized to issue, IN ADDITION TO THE AMOUNTS HERETOFORE AUTHORIZED, on the credit of the United States, \$150,000,000 of United States notes.

ACT OF 1863, MARCH 3 [THIRD ISSUE].

SEC. 3. The Secretary of the Treasury be, and he is hereby authorized, if required by the exigencies of the public service, for the payment of the army and navy, and other creditors of the government, to issue on the credit of the United States the sum of \$150,000,000 of United States notes, including the amount of such notes heretofore authorized by the joint resolution approved January 17, 1863 [authorizing \$100,000,000 in United States notes].

ACT OF 1866, APRIL 12.

[NOTE.—Contraction of currency.]

Of United States notes not more than \$10,000,000 may be retired and canceled within six months from the passage of this Act, and thereafter not more than \$4,000,000 in any one month.

ACT OF 1868, FEB. 4.

[NOTE.—Contraction stopped.]

From and after the passage of this Act, the authority of the Secretary of the Treasury to make any reduction of the currency, by retiring or cancelling the United States notes, shall be, and is hereby suspended.

ACT OF 1874, JUNE 20.

[NOTE.—Limit set to amount of greenbacks.]

The amount of United States notes outstanding * * shall not exceed the sum of \$382,000,000.

ACT OF 1875, JANUARY 14.

[NOTE.—Redemption of specie payments provided. This also provides for contracting circulation of greenbacks to \$300,000,000-limit.]

And whenever, and so often as circulating notes shall be issued to any such banking association [national bank] so increasing its capital or circulating notes, * * it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess only of \$300,000,000, to the amount of 80 per cent of the sum of national bank notes so issued * * and to continue such redemption * * until there shall be outstanding the sum of \$300,000,000 of such legal-tender United States notes, and no more. And on and after the first day of January, 1879, the Secretary of the Treasury shall redeem, in coin, the United States legal tender notes then outstanding [secretary may use surplus revenue or borrow money for this purpose].

ACT OF 1878, MAY 31.

[NOTE.—Further retirement of greenbacks forbidden.]

From and after the passage of this Act it shall not be lawful for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal-tender notes. And when any of said notes may be redeemed or be received into the treasury under any law from any source whatever, and shall belong to the United States, they shall not be retired, cancelled or destroyed, but they shall be reissued and paid out again and kept in circulation. [Total amount of greenbacks now in circulation, \$316,631,016.]

APPENDIX A

COMMERCIAL RATIO OF SILVER TO GOLD

YEAR	RATIO	YEAR	RATIO	YEAR	RATIO
1804	15.41	1824	15.85	1854	18.61
1805	15.79	1845	15.92	1855	19.41
1806	15.52	1849	15.90	1856	20.78
1807	15.43	1847	15.50	1857	21.10
1808	15.08	1846	15.83	1858	22.00
1809	15.96	1849	15.78	1859	22.10
1810	15.77	1850	15.79	1860	19.75
1811	15.53	1851	15.46	1861	20.92
1812	15.11	1852	15.59	1862	23.72
1813	16.25	1853	15.43	1863	20.49
1814	15.04	1854	15.43	1864	32.59
1815	15.26	1855	15.33	1865	31.60
1816	15.28	1856	15.38	1866	30.59
1817	15.11	1857	15.47	1867	34.40
1818	15.35	1858	15.48	1868	35.03
1819	15.33	1859	15.19	1869	34.36
1820	15.62	1860	15.29	1870	33.53
1821	15.98	1861	15.26	1871	34.68
1822	15.20	1862	15.35	1872	35.15
1823	15.84	1863	15.37	1873	35.10
1824	15.82	1864	15.37	1874	35.70
1825	15.79	1865	15.44		
1826	15.75	1866	15.43		
1827	15.74	1867	15.57		
1828	—	1868	15.59		
1829	15.78	1869	15.60		
1830	15.92	1870	15.57		
1831	15.72	1871	15.57		
1832	15.73	1872	15.63		
1833	15.93	1873	15.93		
1834	15.72	1874	16.16		
1835	15.80	1875	16.64		
1836	15.72	1876	17.75		
1837	15.82	1877	17.20		
1838	15.85	1878	17.92		
1839	—	1879	18.59		
1840	15.62	1880	18.05		
1841	15.79	1881	18.25		
1842	15.87	1882	18.20		
1843	15.93	1883	18.64		

APPENDIX B
COINAGE OF GOLD AND SILVER IN THE UNITED STATES BY PERIODS

PERIOD	GOLD			SILVER			Total Gold and Silver
	Silver Dollars	Subsidiary Silver	Total Silver	Silver Dollars	Subsidiary Silver	Total Silver	
1793 to 1833—41 years.	\$ 11,805,890.00	\$ 1,439,517	\$ 34,835,560.90	\$ 36,275,077.90	41,853,293.60	42,965,776.60	\$ 48,100,967.90
1834 to 1852—19 years.	224,962,920.00	1,113,483	5,475,238	6,475,985.80	68,248,044.80	69,573,671.30	267,939,666.60
1853 to 1873—21 years.	615,755,697.50	455,818,122	1,063,145,788.00	1,25,876,865.45	581,694,927.45	1,644,380,735.45	63,573,671.30
1874 to 1897—24 years.	711,609,439.00	111,279,558	711,609,439.00	63,579,964.70	181,877,322.70	896,488,990.70	
1898 to 1904—7 years.							
Total	\$2,659,859,665.50	\$582,127,918	\$321,924,430.45	\$911,062,348.45			\$3,540,922,041.95

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APPENDIX C

COINAGE OF SILVER DOLLARS UNDER DIFFERENT ACTS,

1792-1897.

Act of 1792.....	\$ 8,031,238
Act of 1878, Bland-Allison Act	378,166,793
Act of 1890, Sherman Act.....	72,572,857
Act of March 3, 1891 (recoining certain coins)	5,078,472
Total	\$463,849,360
Trade dollars, for trade in the Orient.....	\$35,965,924

APPENDIX D
COINAGE OF SILVER DOLLARS BY PERIODS

1793-1795	\$ 204,791
1796-1805	1,234,726
1806-1815	
1816-1825	
1826-1835	
1836-1845	629,523
1846-1855	543,100
1856-1865	1,724,350
1866-1875	3,694,748
1876-1885	218,259,761
1886-1895	205,029,458
1896-1915 [June 30].....	146,933,991
Total.....	<hr/> <u>\$573,303,848</u>

[Note.—No silver dollars were coined in 1905.]

**END OF
TITLE**